

## Economic Update

The Federal Open Market Committee (FOMC) announced its decision to hold the target rate for the federal funds rate at 0 to 0.25% on Tuesday and expectations to keep the benchmark rate "exceptionally low for an extended period." In its statement, the FOMC noted that economic activity has continued to strengthen, inflation remains subdued, and although labor markets are stabilizing, employers are reluctant to hire. The discount rate was unchanged at 0.75%.

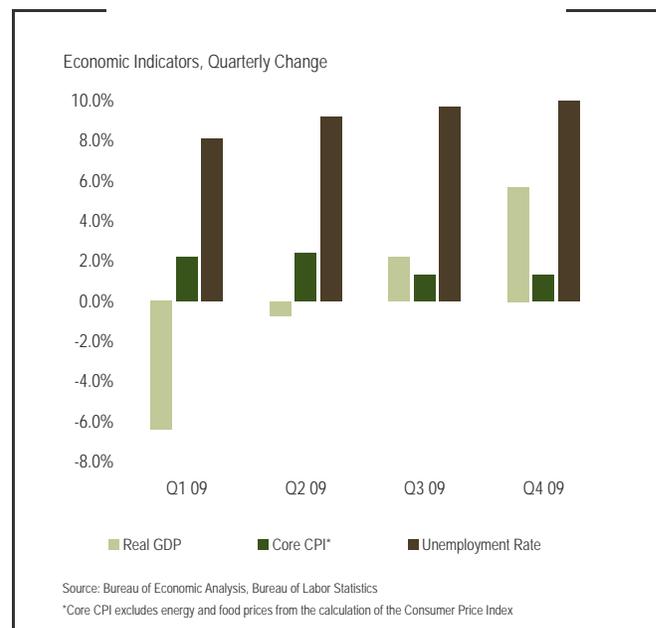
The Conference Board Leading Economic Indicators for the U.S. advanced 0.1% in February, the smallest gain in almost a year. The Conference Board concluded that the data indicates modest improvements in near-term economic conditions. However, the decelerating increases in the index suggest the economy may expand at a slower pace in the second half of 2010 than previously expected.

Data released from the U.S. Department of Labor indicated that export prices retreated in February for the first time in since September 2009, falling 0.5%. Lower agricultural prices contributed to approximately 65% of the overall decline. Import prices declined 0.3% last month, marking the first decline since July 2009 as import fuel prices largely offset the otherwise upward trend.

The Labor Department announced Thursday that the seasonally adjusted Consumer Price Index was unchanged in February after a 0.2% rise in January. Food prices rose 0.1% for the month, while energy prices fell 0.5%. All items less food and energy increased 0.1% over the past month. Separately, the Labor Department announced the Producer Price Index declined 0.6% in February, following a 1.4% advance in January and a 0.4% increase in December. The decrease primarily reflected lower prices for energy goods, which declined 2.9%.

The U.S. Department of Commerce reported that housing starts fell 5.9% in February from January to a seasonally adjusted annual rate of 575,000 but remains 0.2% above levels in February 2009. Many economists agree that the housing data indicates that the construction market has bottomed, but remains under stress from foreclosures and tight credit.

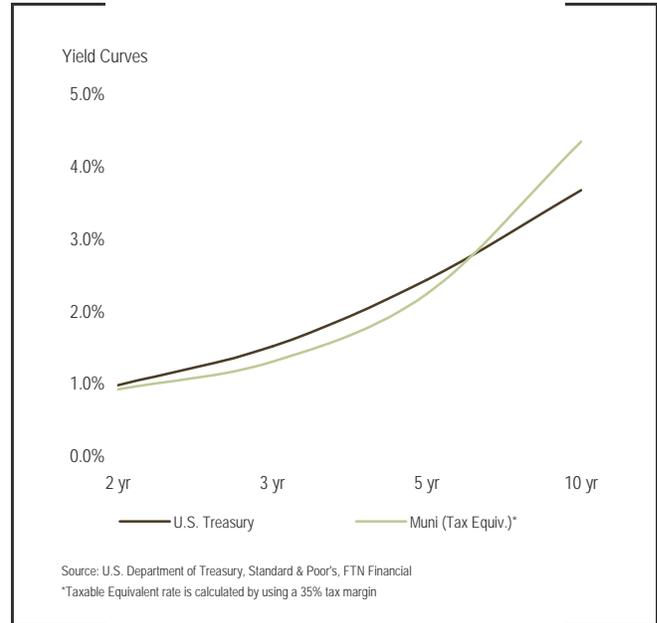
Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, U.S. Department of Commerce, the Wall Street Journal, and Bloomberg.



Mar. 15 <sup>th</sup>	Empire State Mfg Survey, March	22.9
Mar. 15 <sup>th</sup>	Frgn Dmnd for LT US Securities, January	19.1B
Mar. 15 <sup>th</sup>	Industrial Production, Feb. Monthly Chg.	0.1%
Mar. 15 <sup>th</sup>	Housing Market Index, March	15.0
Mar. 16 <sup>th</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.4%
Mar. 16 <sup>th</sup>	Housing Starts, February	575,000
Mar. 16 <sup>th</sup>	Export Prices, Feb. Monthly Chg.	-0.5%
Mar. 16 <sup>th</sup>	Import Prices, Feb. Monthly Chg.	-0.3%
Mar. 17 <sup>th</sup>	MBA Purchase Applications Index, Wkly. Chg.	-2.3%
Mar. 17 <sup>th</sup>	Producer Price Index, February Monthly Chg.	-0.6%
Mar. 17 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	1.0M Barrels
Mar. 18 <sup>th</sup>	Consumer Price Index, February Monthly Chg.	0.0%
Mar. 18 <sup>th</sup>	Initial Jobless Claims ( Week ending 3/13)	457,000
Mar. 18 <sup>th</sup>	Leading Indicators, Feb. Monthly Chg.	0.1%
Mar. 18 <sup>th</sup>	Philidelphia Fed Survey, March	18.9
Mar. 18 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	-11 bcf

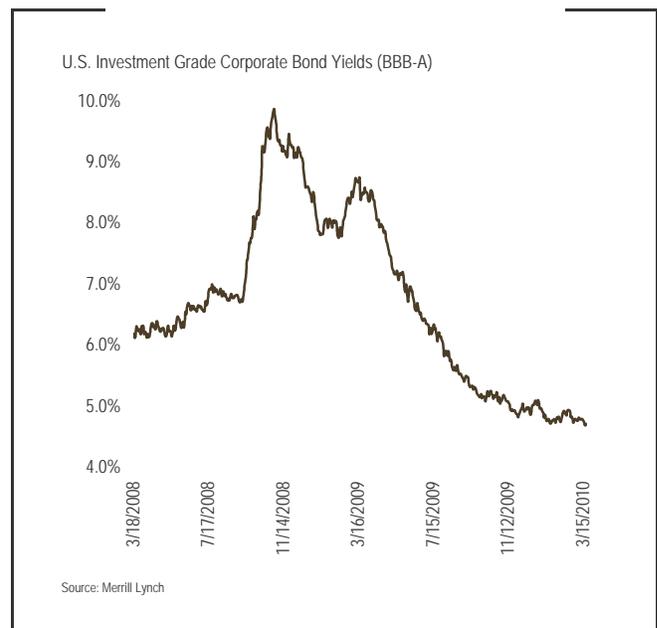
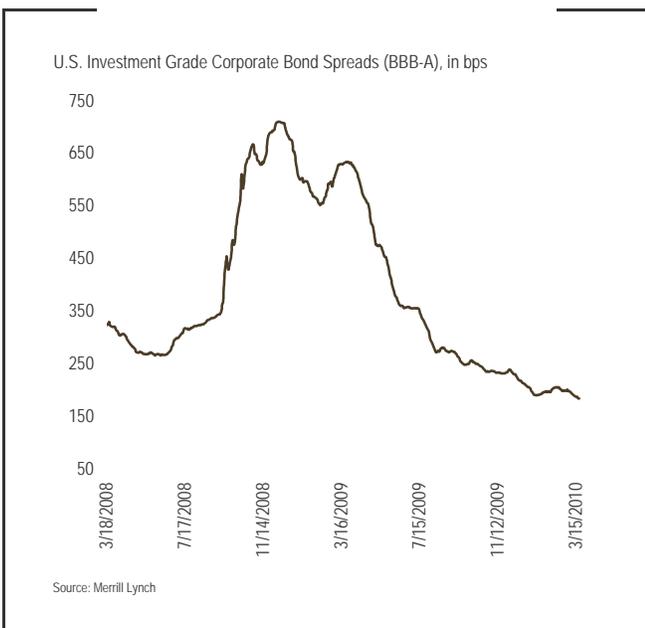
Bond Market Update

After a somewhat volatile week, U.S. Treasuries finished modestly higher on the long end of the yield curve and modestly lower on the short end. Longer-term debt snapped two weeks of losses as investors transitioned back to the flight-to-safety trade amid increased speculation that Greece will fail to secure aid from the European Union. At the same time, shorter-term Treasuries traded lower as market makers prepared for next week's \$118 billion auction of two-year, five-year, and seven-year notes. All else equal, market makers tend to push up bond yields as a way to underwrite bond auctions at more attractive levels. Analysts anticipate solid bidding for the new debt as demand for Treasuries has remained strong despite worries over the U.S. budget deficit and rumblings of a possible downgrade to its AAA debt rating, according to Reuters. The yield curve, or difference in yield between two- and 10-year Treasury notes, flattened to its lowest level since December 9 of last year. The combination of unchanged consumer prices, lower producer prices and mixed reports on the economy has market participants surmising that inflation will remain subdued in the near-term. Because slower or no inflation helps preserve the purchasing power of a bond's fixed payments, investors tend to turn more constructive on intermediate- to longer-term paper.



Issue	3.12.10	3.19.10	Change
3 month T-Bill	0.16%	0.16%	0.00%
2-Year Treasury	0.97%	0.98%	0.01%
5-Year Treasury	2.43%	2.44%	0.01%
10-Year Treasury	3.73%	3.68%	-0.05%
30-Year Treasury	4.66%	4.59%	-0.07%

Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Stock Market Update

Stocks pulled-back on Friday on lower energy prices, but remained higher for the week with the Dow Jones Industrial Average (DJIA) gaining 117.29 points, or 1.10% to close the week at 10,741.98. The broader S&P 500 rose mid-week to its highest level since 2008 before retreating to close the week at 1,159.90, up 9.91 points or 0.86%.

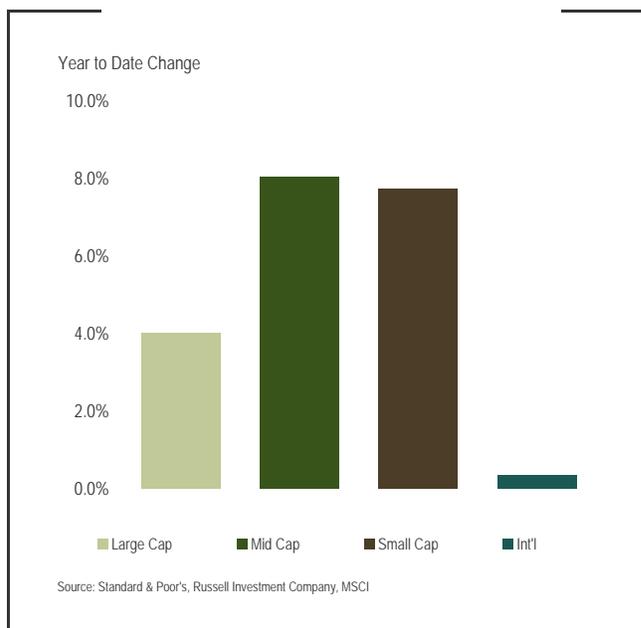
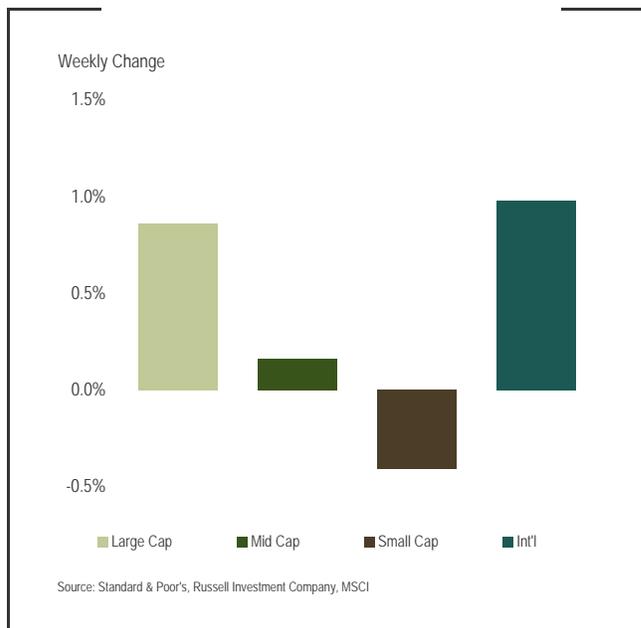
The energy sector weighed on the broader indexes both on Friday and during the week. Energy stocks lost 1.20% on Friday, pulled down by falling energy prices. For the week, energy and utility stocks posted losses of 2.26% and 0.10%, respectively, while the remaining sectors gained for the week. The leaders were health care stocks and industrial stocks, which posted gains of 1.26% and 1.28%, respectively.

Boeing Co. (BA) announced Friday that it sees "overall economic recovery" in the airplane industry in 2010 and that it would increase production of its 777 and 747 aircrafts. The announcement is on the heels of a similar increase in production from Boeing's France-based rival Airbus earlier this month, according to the Wall Street Journal. Boeing stock rose over 2.5% in morning trading only to decline to close for a slight loss on Friday.

Health insurance stocks gained this week, as the senate prepares for a key vote on healthcare reform that could happen as early as this weekend. Shares of UnitedHealth (UNH), Humana (HUM), and Aetna (AET) were up 4.53%, 4.82% and 7.58%, respectively, this week as investors speculated that the companies would benefit from expanded healthcare coverage.

Issue	3.12.10	3.19.10	Change
Dow Jones	10,624.69	10,741.98	1.10%
S&P 500	1,149.99	1,159.90	0.86%
NASDAQ	2,367.66	2,374.41	0.29%
Russell 1000 Growth	513.59	0.00	-100.00%
S&P MidCap 400	783.88	785.13	0.16%
Russell 2000	676.59	673.85	-0.40%
MSCI EAFE	1,563.33	1,578.60	0.98%
MSCI EM	989.83	1,001.51	1.18%
MSCI Small Cap	145.11	147.25	1.47%

Prices reflect most recent data available at the time of publication  
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



Alternative Investments Market Update

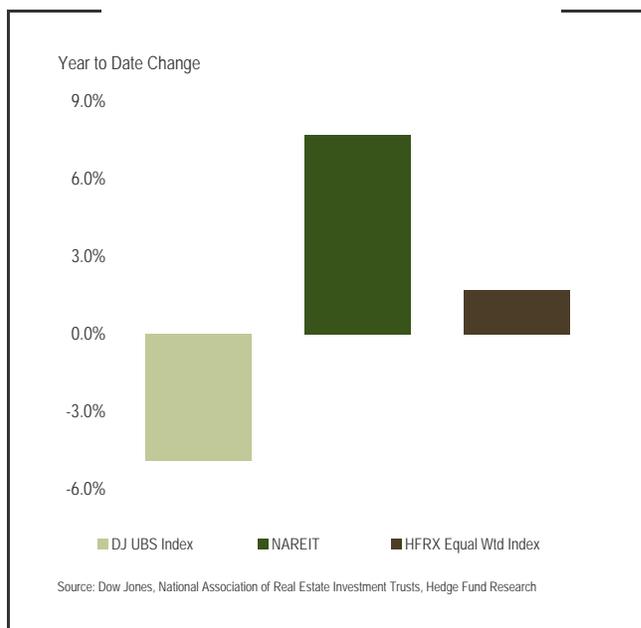
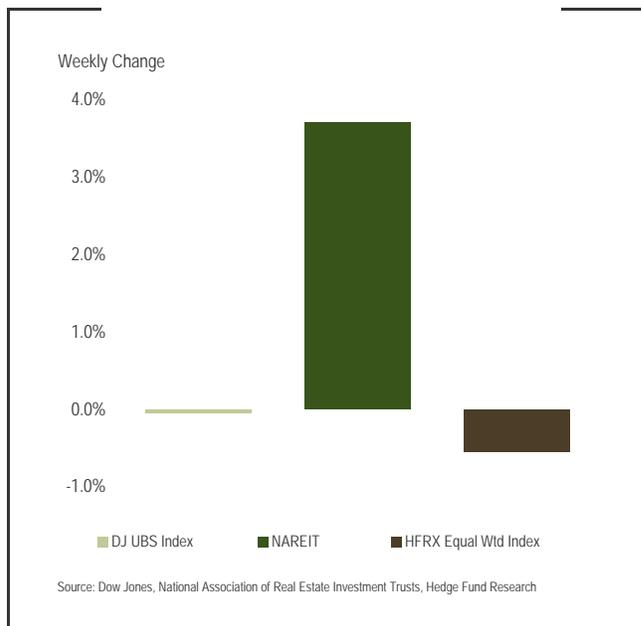
In a survey conducted by Deutsche Bank AG, hedge funds are expected to experience more inflows than outflows this year for the first time since 2007. More money is expected to flow to managers with riskier strategies such as long-short, emerging markets, and event-driven; similarly, money is flowing to managers who have not recouped 2008 losses, allowing the fee structure to be considerably lower than the typical 20% of investment returns.

OPEC increased their oil and gas rigs by 8.4% during January and February, despite exceeding quotas by the equivalent of a supertanker a day and many analysts predicting declines of 20-25% in the price of oil by year end. Later in the week, OPEC ministers pledged not to alter output targets hoping demand will pick up later in the year. Royal Dutch Shell (RDS.A) announced a significant oil discovery in the eastern Gulf of Mexico, marking the third discovery in the region since 2003. The announcement comes on the heels of Shell telling investors earlier in the week they predict strong output and cash-flow growth after several difficult years.

Natural gas futures sank over 5% Thursday, the lowest price in six months, on larger than expected inventories. Warm weather in gas consuming regions is placing downward pressure on prices. Crude oil traded up and down all week with a near 2.5% surge after the FOMC announced rates would stay near zero. Gold also rose 1.5% Tuesday. Gold traded mostly sideways for the week as the dollar strengthened on worsening Greek debt perceptions, which crippled the Euro, and a surprise interest-rate hike in India. Dollar-denominated commodities are sensitive to a strong dollar as it makes them more expensive to other currencies. On Wednesday, the CBOE Volatility Index (VIX), an expectation of market volatility, dipped below 17 for the first time since May 2008.

Issue	Previous Week	Current <sup>1</sup>	Change
Gold	1,102.70	1,106.30	0.33%
Crude Oil Futures	81.19	80.47	-0.89%
Copper	339.00	337.10	-0.56%
Sugar	19.67	18.64	-5.24%
HFRX Equal Wtd. Strat. Index	1,136.75	1,130.60	-0.54%
HFRX Equity Hedge Index	1,136.75	1,138.36	0.14%
HFRX Equity Market Neutral	992.41	992.35	-0.01%
HFRX Event Driven	1,370.99	1,376.82	0.43%
HFRX Merger Arbitrage	1,468.95	1,469.63	0.05%
Dow Jones UBS Commodity Index	132.44	132.38	-0.05%
FTSE/NAREIT All REIT	116.69	121.01	3.70%

<sup>1</sup> Prices reflect most recent data available at the time of publication  
Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research, Bloomberg, The Wall Street Journal, The International Monetary Fund.



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